



## Press Release

City of Long Beach  
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FOR IMMEDIATE RELEASE

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**Subject :** City Manager's Proposed Fiscal Year 2008 Budget

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The City Manager's Proposed Fiscal Year 2008 (FY 08) Budget (Budget) reflects the vision of the community as identified by the City Council's priorities.

The Budget, with all 37 separate funds, is estimated to be approximately \$2.33 billion, of which \$392.5 million is the General Fund. Most of the \$2.33 billion is from restricted sources or is associated with enterprise operations such as the Airport, Harbor, Sewer and Refuse.

With increased costs for wages, fuel and maintenance, natural gas and general liability insurance, as well as operating costs at the Harbor Department related to its Clean Air Action Plan and oil operations, the City's overall budget has increased by approximately \$104.7 million from FY 07.

Four key goals for the preparation of the Budget were established by the City Manager:

- Deliver a structurally balanced budget.
- Maintain the current level of core services.
- Address emerging operational issues.
- Fulfill the City Charter change approved by the electorate in May 2007.

"I am pleased to present on behalf of department directors and staff, in compliance with the City Council's Financial Policy, a proposed General Fund budget that is structurally balanced for the second straight year. I want to extend my gratitude to the collective efforts of all City Manager departments who aligned resources closely with the City Council's stated priorities in order for us to achieve that goal," said City Manager Anthony Batts.

### **General Fund**

There are three pivotal issues that will have a long-standing impact on the City's ability to maintain a structural balance in the General Fund:

- Compensation increases given to sworn police personnel after the adoption of the FY 07 budget have consumed any projected structural revenue growth for the next few years.

- There are several major cost commitments on the horizon totaling approximately \$34 million annually, including the police officers' compensation increase to the median of comparable agencies in FY10; possible issues with police overtime; potential City Hall seismic repairs; post-retirement health care liabilities; and upcoming negotiations.
- Most critically, the revenue streams in the General Fund continue to fall short of the true needs for service delivery and physical investments throughout the City.

Before the largest of these future liabilities impact the budget, the City must develop an approach to address these large cost increases. Three primary options exist:

- Continue to relentlessly improve performance.
- Identify opportunities to significantly downsize the staffing and scope of the organization.
- Or, more preferably, identify new ongoing revenue sources, coupled with continued optimization, so that sufficient dollars are available to make the investments needed to sustain the City's services.

Balancing the General Fund budget required identifying areas for cost or service reduction in lower-priority programs, as well as enhancing existing and proposing new revenue streams. Three strategies were employed:

- Departments submitted cost and service reduction options.
- Departments improved cost recovery through fees.
- Departments continued full allocation of costs for services.

"While the Proposed Budget provides structural balance, we cannot lose sight of the fact that the General Fund is currently losing \$43 million per year with the Utility User Tax rate cut and \$25 million per year with the State Property Tax takeaways," said Director of Financial Management Michael Killebrew.

City Manager Batts added, "Staff remains committed to providing the best service possible within the revenue sources available."

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## **Briefs: Key Elements of the City Manager's Proposed Fiscal Year 2008 Budget**

### **Police and Fire Public Safety Oil Production Fund (Proposition H)**

This Fund was created to account for the increased revenue generated by the voter-approved May 1, 2007, ballot measure (Proposition H) to increase the Oil Production Tax by \$0.25 per barrel produced in Long Beach. It is anticipated that this revenue source will generate approximately \$3.8 million per year, which is restricted to support costs for police and fire services. Revenue has started to accrue in the Fund from oil producers, and it is anticipated that approximately \$900,000 will have been earned by the end of FY 07.

The City Manager's Office consulted with the Fire Chief and the Chief of Police to determine the highest and best use for this funding source. The demands for additional services, personnel, compensation adjustments and additional internal support made the allocation of resources from this Fund all the more critical. Although not currently included in the proposed budget for FY 08, The City Manager will recommend that the funds be utilized to hire 14 additional Police Officers, 12 additional Firefighters, a fire ladder truck, and an additional Homeland Security/Disaster Management staff member.

### **Optimization**

It is critical that the City maintains its commitment to excellence in the coming fiscal year and maintains its focus on producing maximum results for the community while ensuring that resources are being used as efficiently as possible.

Therefore, several new optimization efforts are being recommended in FY 08 including: Retiree Health Care (GASB 45) Funding Strategy Development; Succession Plan Development; Capital Projects Process and Tracking Review; Parking Master Plan Review; Water and Air Quality Improvement Strategy Development; and Continuity of Operations Plan Development.

### **Proposed FY08 Capital Improvement Program**

#### **Long Beach Airport**

Airfield pavement rehabilitation; existing terminal building utility infrastructure enhancements; airfield and perimeter fencing repairs; air carrier ramp reconstruction; and the design phases for the airport terminal development and parking structure.

#### **Community Development**

ADA upgrades at Orizaba, Somerset, Ramona, and Rose Parks; Special Services Building; Claremont Beach Launch Ramp; and Fire Department's Training Center.

#### **Harbor**

Third phase of terminal on Pier T; development and improvement of container facilities on Piers A, E, G, and J; landfill and environmental mitigation at Pier S.

#### **Long Beach Gas and Oil**

Continue long-term pipeline replacement and facility maintenance.

### **Parks Recreation and Marine**

Construction of a community center at Orizaba Park and California Recreation Center Teen Center; completion of the Homeland Cultural Center; a mini-park on Orange Ave; bicycle and pedestrian trail from Walnut to Lemon; and miscellaneous bike path repairs.

### **Public Facilities**

Long deferred critical repairs are needed to maintain and protect the facility integrity at various libraries, health facilities, parks, and police and fire stations. Due to limited funding, work efforts will continue to target only critical life safety deficiencies and accelerated deterioration affecting the safety of the structure's occupants.

### **Storm Drains**

Final design of the Arlington (River Street) drain, Phase I construction of the Atherton Channel and construction of the Termino Storm Drain.

### **Street Rehabilitation**

Improvements include, but are not limited to, reconstruction and resurfacing of major and secondary streets; local streets (\$2 million); replacement of street signs; repair of neighborhood sidewalks, curbs and gutters (\$3 million); and rehabilitation of bridges to repair deficiencies identified by the LA County annual bridge inspection report.

### **Transportation Enhancement**

Street and intersection widening; traffic signals system expansion and upgrades; transit improvements; parking restrictions and replacement parking; neighborhood traffic management and bike lanes; and programs that monitor and evaluate traffic congestion areas.

### **Water**

Replacement of cast iron mains; reclaimed water system expansion; conjunctive use (surface and groundwater) projects, and ocean desalination research and development.